
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 6.03.2009

Wall Street Journal: "Congress Helped Banks Defang Key Rule ... Not long after the bottom fell out of the market for mortgage securities last fall, a group of financial firms took aim at an accounting rule that forced them to report billions of dollars of losses on those assets."

Wall Street Journal: "Banks' Telethon Is Nearly Over ... J.P. Morgan Chase & Co., Morgan Stanley, American Express Co. and regional bank KeyCorp said Tuesday they sold a combined \$8.7 billion in common stock. That pushed the total value of shares sold by the 19 financial firms that were stress-tested by the government to at least \$65 billion since the results were announced May 7."

Wall Street Journal: "Court to Hear Challenge to Chrysler, Fiat Pact ... A federal court late Tuesday agreed to hear an appeal related to the bankruptcy of Chrysler LLC, potentially extending the auto maker's stay in Chapter 11 reorganization by at least several days."

Wall Street Journal: "Headaches Await Next TARP Chief ... Herbert M. Allison, nominated to run the government's \$700 billion financial-sector bailout, will face tough questions from senators about his stint running mortgage giant Fannie Mae when his confirmation hearings begin Thursday. But bigger challenges await Mr. Allison after his likely confirmation: coordinating disparate groups within the Treasury and avoiding political minefields associated with the unpopular rescue."

Wall Street Journal: "SEC Ready to Require More Pay Disclosures ... The Securities and Exchange Commission plans to propose that companies disclose in general terms how they compensate lower-ranking employees, expanding disclosures for the first time beyond the executive suite."

Wall Street Journal: "Mortgage-Market Intervention Backed ... The U.S. government should continue to intervene in the home-mortgage market after the foreclosure crisis ends, real-estate brokers, home builders and mortgage bankers said in testimony prepared for a congressional hearing on Wednesday."

Financial Times: "Merkel mauls central banks ... Unconventional monetary policies being pursued by the world's main central banks could aggravate rather than ease the economic crisis, Angela Merkel, Germany's chancellor, suggested on Tuesday."

Financial Times, Opinion: "How Washington blew GM's bankruptcy ... As General Motors finally filed for bankruptcy on Monday, some critics of the move have already made the case that Congress, not a White House task force, should have planned the bankruptcy. They are right about one thing: a White House task force should not have planned the bankruptcy. But they are 180 degrees wrong about what the government should have done. The bankruptcy needed much less "public policy" input, not more. If GM were going through a "normal" bankruptcy, here is what would have happened."

Financial Times, Wolf: "Rising government bond rates prove policy works ... Is the US (and a number of other high-income countries) on the road to fiscal Armageddon? Are recent jumps in government bond rates proof that investors are worried about fiscal prospects? My answers to these questions are: No and No. This does not mean there is no reason for worry. It is rather that there are powerful arguments against fiscal retrenchment right now and strong reasons for welcoming recent moves in the bond markets."

Washington Post: "Big Banks Eagerly Await U.S. Approval to Repay Aid ... Several large banks may get government approval to repay billions of dollars in federal aid next week after completing a series of tests to prove they can stand without crutches."

Washington Post, Editorial: "GM's New Owner ... ON BEHALF of all of us, President Obama has just bought 60 percent of a "new," post-bankruptcy General Motors. The price was \$30 billion, in addition to the \$20 billion that Washington had already sunk into the firm. Let's slam the doors and kick the tires."

New York Times: "Promised Help Is Elusive for Some Homeowners ... She had seen the advertisements for the new government program offering relief. She had heard President Obama promise that help was on the way for homeowners like her, people who had lost jobs and could no longer make their mortgage payments."

New York Times, Editorial: "The Peril of 'Buy American' ... It's not surprising that Democrats in Congress could not resist adding a "Buy American" provision to the fiscal stimulus bill earlier this year. It might seem sensible (or at least politically useful) to ensure that taxpayer dollars would be used exclusively to support American jobs."

Investor's Business Daily, Editorial: "Geithner Takes His Act On The Road ... It's never a good sign when you want to borrow money and your potential lender laughs in your face. But that's exactly what happened to U.S. Treasury Secretary Tim Geithner on his recent trip to China."

Bloomberg: "Fed Said to Raise Requirements for Banks to Repay TARP Funds ... Federal Reserve officials surprised bankers in the past week by demanding they raise specific amounts of new capital before repaying taxpayer funds, applying a more stringent assessment than the stress tests in May."

Reuters: "Visa sees credit card industry restructuring ... Visa Inc (V.N), the world's largest payment network, said on

Tuesday that U.S. legislation curbing certain practices by credit card companies would force the industry to restructure as revenue expectations shrink."

Reuters: "Demand for Fed consumer program rises to \$11.5 billion ... The flagship U.S. program to revive consumer and small business lending picked up pace in June, showing investors have grown more comfortable with taking part in the government initiative and appetite for risk has increased across all markets."

Politico: "Union leaders target Wall Street ... Union leaders are pushing to reshape the boards of directors of some of America's largest companies, hoping to use government bailouts as leverage to fundamentally alter the way the companies are run in the years to come."

Politico: "End of the road for Detroit on the Hill? ... General Motors' bankruptcy filing may represent the end of an era in American industry - and on Capitol Hill as well."

The Hill: "Frank aims for financial overhaul by end of July ... Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee, is aiming to pass through his committee by the end of July sweeping legislation that would remake significant parts of the financial system."

The Hill: "Lawyers cry foul over GM ... Consumer groups and trial lawyers are crying foul over the Obama administration's bankruptcy plans for General Motors and Chrysler."